

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01 L-02 H-02

PA-01 PRS-01 /092 W

----- 054924

O 071731Z MAY 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 9163

INFO AMEMBASSY SANTIAGO IMMEDIATE

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DEPARTMENT REPEAT OTHER POSTS AS DESIRED

E.O. 11652: N/A

TAGS: EFIN, CI, FR

SUBJECT: CHILE DEBT RESCHEDULING

1. FOLLOWING ENGLISH TRANSLATION PREPARED BY FRENCH FINANCE MINISTRY OF UNDERSTANDING REACHED ON MAY 6 AMONG GERMANY, CANADA, SPAIN, U.S., FRANCE, JAPAN AND SWITZERLAND ON APPROPRIATE 1975 RESCHEDULING TERMS. FINANCE MINISTRY HAS PROVIDED US WITH ADVANCE COPY BUT WAS RELUCTANT TO RELEASE WITHOUT FINAL O.K. FROM NEBOT, WHO IS TIED UP IN PAKISTAN MEETING TODAY. SEPTTEL WILL FOLLOW AS SOON AS TEXT CONFIRMED, WITH ANY FINAL CHANGES MADE.

2. FOR SANTIAGO - PLEASE DO NOT DISCUSS TEXT WITH CHILEANS UNTIL YOU RECEIVE WORD OF GOF CONFIRMATION.

3. BEGIN TEXT.

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THE REPRESENTATIVES OF THE GOVERNMENTS OF THE
FEDERAL REPUBLIC OF GERMANY, CANADA, SPAIN, UNITED
STATES, FRANCE, JAPAN AND SWITZERLAND MET IN PARIS
ON MAY 6, 1975 TO EXAMINE THE PROBLEM OF THE FOREIGN
DEBT OF CHILE. REPRESENTATIVES OF THE INTERNATIONAL
MONETARY FUND ATTENDED THIS MEETING.

THE REPRESENTATIVES OF THE INTERNATIONAL MONETARY
FUND OBSERVED THAT SERVICING FOREIGN DEBT BY CHILE
TO COUNTRIES REPRESENTED AT THIS MEETING WOULD, IN
1975, AMOUNT TO ALMOST ONE-THIRD OF THE TOTAL EXPORTS
FORECAST AT PRESENT AND TOTAL SETTLEMENT OF THE DEBTS
IN QUESTION THEREFORE SEEMS OUT OF QUESTION FOR THE
PRESENT FISCAL YEAR.

THE DELEGATES OF COUNTRIES REPRESENTED TOOK NOTE
OF THE TERMS OF THE ECONOMIC AND FINANCIAL PROGRAM AS
PREVIOUSLY AGREED UPON BETWEEN THE GOVERNMENT OF CHILE
AND THE INTERNATIONAL MONETARY FUND, WHICH INVOLVES
PRECISE UNDERTAKINGS BOTH AS TO THE STRENGTHENING OF
CHILE'S INTERNAL FINANCES AND AS TO THE CONTROL OF ITS
EXTERNAL DEBT, AND TO THE RETURN TO A POLICY OF FLEXIBLE,
UNIFIED AND REALISTIC EXCHANGE RATES.

AFTER CONSIDERING THE BALANCE OF PAYMENTS SITUATION
OF CHILE AS REVIEWED BY REPRESENTATIVES OF THE IMF,
THE DELEGATES OF THE COUNTRIES REPRESENTED CONCLUDED
THAT A RESCHEDULING OF MATURITIES DUE IN 1975 WAS JUSTI-
FIED ON THE FOLLOWING TERMS:

- MATURITIES TO BE RESCHEDULED WOULD BE THOSE DUE IN
1975 AND NOT PREVIOUSLY RENEGOTIATED.

THIS CONCERNS:

A - COMMERCIAL CREDITS GUARANTEED BY
APPROPRIATE AGENCIES OR GOVERNMENTS
OF PARTICIPATING COUNTRIES PURSUANT TO
CONTRACTS ENTERED INTO ON OR BEFORE
DECEMBER 31, 1973 UNDER WHICH PAYMENTS
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ARE DUE OVER A PERIOD OF MORE THAN ONE
YEAR.

B - LOANS BY GOVERNMENTS OR GOVERNMENT AGENCIES
CONCLUDED ON OR BEFORE 31 DECEMBER 1973
FOR WHICH THE REPAYMENT PERIOD IS LESS
THAN 40 YEARS BUT EXCLUDING LOANS
GRANTED IN CONNECTION WITH A PREVIOUS

DEBT CONSOLIDATION.

- 30 PERCENT OF SUCH MATURITIES WOULD BE DUE IN THE
AMOUNT OF 10 PERCENT IN 1975, 10 PERCENT IN 1976, AND
10 PERCENT IN 1977.

- THE REMAINING 70 PERCENT WOULD BE PAID IN 13 EQUAL

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SEMI-ANNUAL INSTALLMENTS BEGINNING JANUARY 1, 1978.

THE COUNTRIES REPRESENTED ASSUME THAT THE GOVERN-
MENT OF CHILE WILL ACCORD TO EACH OF THEM TREATMENT NO
LESS FAVORABLE THAN THAT WHICH MAY BE ACCORDED TO ANY
OTHER CREDITOR COUNTRY FOR THE CONSOLIDATION OF DEBTS
OF COMPARABLE TERMS. LATIN AMERICAN COUNTRIES AND
OTHER COUNTRIES NOT REPRESENTED AT THE PRESENT MEETING
ARE NOT EXCLUDED FROM THE APPLICATION OF THIS PROVI-

SION. THIS PROVISION DOES NOT APPLY TO COUNTRIES WHOSE CLAIMS IN RESPECT OF PRINCIPAL AND INTEREST PAYABLE DURING THE PERIOD FOR WHICH DEBT RELIEF IS GRANTED ARE LESS THAN SDR 1 MILLION.

THE DELEGATIONS OF THE COUNTRIES REPRESENTED WILL REPORT TO THEIR AUTHORITIES AND RECOMMEND TO THEM THAT BILATERAL AGREEMENTS BE CONCLUDED ON THESE BASES AT DATES TO BE DETERMINED BY EACH COUNTRY.
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IN ACCORDANCE WITH PARAGRAPH 5 OF THE AGREED MINUTE OF MAY 6, THE CHAIRMAN OF THE PRESENT MEETING WILL INFORM THE CHILEAN AUTHORITIES OF ITS CONCLUSIONS AND OF THE RESULT OF ITS DISCUSSIONS INCLUDING ON THE PROBLEM OF HUMAN RIGHTS ALREADY BEING DEALT WITH IN THE COMPETENT COMMISSION OF THE UNITED NATIONS.

THE CHAIRMAN OF THE PRESENT MEETING WILL CONTINUE TO KEEP THE COUNTRIES REPRESENTED INFORMED OF HIS CONVERSATIONS.

END TEXT.
RUSH

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